

**APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC
WATERS OF THE STATE OF NEVADA**

Date of filing in State Engineer's Office MAR 13 2003

Returned to applicant for correction _____

Corrected application filed _____

Map filed MAR 13 2003

The applicant **Hecla Ventures Corporation** hereby make application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated.

1. The source of the proposed appropriation is **Underground**
2. The amount of water applied for is 1.5 second-feet
 - (a) If stored in reservoir give number of acre-feet **n/a**
3. The water to be used for **Mining**
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated
 - (b) Stockwater, state number and kinds of animals to be watered
 - (c) Other use (describe fully under No. 12. "Remarks")
 - (d) Power:
 - (1) Horsepower developed
 - (2) Point of return of water to stream
5. The water is to be diverted from its source at the following point **SE¼ of SW¼ of Section 4, Township 37 North, Range 48 East MDB&M, at a point from which the South quarter corner of said Section 4 bears S 48°58' E, 1039 feet distant**
6. Place of Use **Sections 33, 34, 35, 36 of T39N, R46E; Section 31, 32, 33, 34, 35, 36 of T39N, R47E; Sections 2, 3, 4 of T38N, R46E; Sections 1, 2, 12, 13 of T38N, R47E; Sections 17, 18, 19, 20, 29, 30, 31, 32, 33, 34 of T38N, R48E; Sections 3, 4, 5, 8, 9, 10, 16, 17, 20, 21, 28, 29, 32, 33 of T37N, R48E; MDB&M**
7. Use will begin about **January 1** and end about **December 31** of each year.
8. Description of proposed works **Underground collection sumps, pumps and piping to surface ponds; transfer pumps from surface ponds to recycle system, rapid infiltration basins and/or injection wells**
9. Estimated cost of works **\$800,000**
10. Estimated time required to construct works **One year**
11. Estimated time required to complete the application of water to beneficial use **Two years**
12. Remarks: **Information on water recycle and beneficial uses will be submitted at a later date.**

By **Michael S. Smith, PE, PLS, SWRS 717**
Brown and Caldwell Agent for
Hecla Ventures Corporation
s/Michael S. Smith
P.O. Box 2610
Winnemucca, Nevada 89446

ag/cm

Compared cmf/cac
 Protested 5/1/03 by Pershing County Water Conservation District of Nevada;

w/d 09/08/03

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins or before the Proof of Completion of Work is filed.

This permit will allow the permittee to remove water from an underground exploration and mining project. It is understood that any water pumped from the decline as a result of this operation will be used first by the permittee for underground exploration and other related mining uses within the described place of use of this permit. The total combined diversion rate under the above referenced permit and any subsequent changes to this permit shall not exceed 1.5 cubic feet per second (673.24 gallons per minute).

All of the water from the dewatering decline not used for underground exploration and mining purposes will be returned to the groundwater source in the Rock Creek Valley Groundwater Basin, in a manner authorized by permits from the Nevada Division of Environmental Protection.

Monthly records will be kept of the following: the amount of water pumped from the mine; the amount of water used for underground exploration and mining purposes; the amount of water sent to the Rapid Infiltration Basin discharge system or other authorized discharge system; and the estimated amount of water recharged to the groundwater system. These records must be submitted to the State Engineer on a quarterly basis, within 15 days after the end of each calendar quarter. A method that estimates the amount of evaporative losses from the discharge system will be submitted with the monthly report. The evaporative losses will be considered as a part of the duty for consumptive purposes.

The State Engineer retains the right at any time to require the permittee cooperate in the funding of additional monitoring and modeling by an independent third party. The State Engineer retains the right to impose future conditions as necessary upon review and evaluation of all data submitted and reported on the quarterly report. The State Engineer retains the right to regulate pumping from the dewatering project and/or any other groundwater withdrawals herein authorized to protect the public interest and existing rights.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and Local agencies and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the dewatering discharge project.

(CONTINUED ON PAGE 3)

This permit is issued with the understanding that no secondary applications will be issued on any water not infiltrated or injected.

Upon permanent cessation of all mining, milling and dewatering purposes, all water granted under this permit will revert back to the source from which it was appropriated, except for any water requirements needed for any mine closure plan and/or to mitigate any adverse impacts caused by dewatering.

All of the above stated conditions are issued subject to having no adverse impacts on existing rights.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 1.5 cubic feet per second, but not to exceed 200.0 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

January 9, 2005

Proof of completion of work shall be filed on or before:

February 9, 2005

Water must be placed to beneficial use on or before:

January 9, 2007

Proof of the application of water to beneficial use shall be filed on or before:

February 9, 2007

Map in support of proof of beneficial use shall be filed on or before:

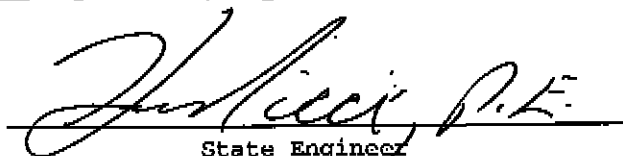
N/A

IN TESTIMONY WHEREOF, I, HUGH RICCI, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office,

this 9th day of January, A.D. 2004


State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed N/A

Certificate No. _____ Issued _____

